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ABSTRACT

Part of a 13-volume series designed to help Lutheran communities assess the feasibility of starting a Lutheran elementary school and to assist ongoing schools in current operation, this handbook focuses on financial support for Lutheran schools. It attempts to present a comprehensive description of factors to be considered in funding a Lutheran elementary school. Treated here are sources of funds, relationship of those sources to each other, and suggestions for securing funds from each source. The document is intended to help congregations review their own circumstances, policies, and objectives and choose the method or methods of funding best suited to their situation. The principal sources of funds for Lutheran elementary schools are described as being congregational support, tuition, and fees. Other miscellaneous sources of income, such as gifts, fund raising, support organizations, or matching funds, can be important. Public aid is available to some schools to fund such programs as transportation, textbooks, food services, and specialized help for the disadvantaged. For interparish schools, special formulas for determining congregational support must be set up. (Author/JM)

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FUNDING LUTHERAN ELEMENTARY SCHOOLS

INTRODUCTION
CONGREGATION SUPPORT
TUITION AND FEES
OTHER REVENUE SOURCES
PUBLIC AID
FUNDING FOR ASSOCIATION SPONSORED SCHOOLS
CONCLUSION

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PLANNING FOR LUTHERAN ELEMENTARY SCHOOLS

EA 012 101

EO 9

FOREWORD

Lutheran schools in America are flourishing.

Many Lutheran communities are presently conducting feasibility studies to determine if they can have a Lutheran school for their young people. The need for materials to help Lutheran congregations conduct feasibility studies and make responsible educational decisions has become quite urgent.

Through the coordinated efforts and generous financial help of Aid Association for Lutherans, representatives of the educational offices of the Association of Evangelical Lutheran Churches, American Lutheran Church and the Lutheran Church-Missouri Synod have combined their efforts in the development of PLANNING FOR LUTHERAN ELEMENTARY SCHOOLS materials. These materials are companion to PLANNING FOR LUTHERAN HIGH SCHOOLS, and PLANNING FOR LUTHERAN EARLY CHILDHOOD PROGRAMS.

PLANNING FOR LUTHERAN ELEMENTARY SCHOOLS has been designed to help Lutheran communities assess the feasibility of a school for their young people and make plans and responsible decisions for the establishment of a school. Resource materials are intended to assist existing schools in their ongoing operation. While these materials are designed to help congregational leaders, it is advisable to consult with synodical (district or regional) leaders as you begin planning your feasibility study.

Often the principal will be the first person to read this manual. I urge the principal to know the content of this document thoroughly. The principal will order additional copies for those who will benefit from its use. The above is true also for directors of education and early childhood programs.

The work of the following writers is herewith gratefully acknowledged: Dr. Glenn Bracht, Mr. Robert Eggold, Mr. Eldor Kaiser, Mr. Donald Kell, Mr. Ellsworth Kierbs, Dr. Glenn Kraft, Mr. Kenneth Markworth, Mr. Neal Meitler, Rev. Paul Pallmeyer, Mr. Richard Sauer, Mr. Wilbur Tewes and Dr. Martin Wessler. A special word of thanks to the synodical leaders who gave counsel and encouragement in this project: Dr. Victor Constien, Mr. Glenn Moenning, Dr. Al Senske, Dr. Marlin Schultz, Mr. Donald Vetter and Mr. Donald Zimmerman. Thanks to Lois Prahlow for artwork; Jim Reigles for editing; Lois Brandt, Harriette Johnson and Florence Schoenfeldt for typing and Trip Gesch for printing. To Aid Association for Lutherans staff members: Dr. Martin Koehneke, Mr. Fred Pahl, Mr. William Selle and Mr. Donald Stoike thanks for their encouragement and counsel.

These materials are dedicated to the glory of God for the extension of Lutheran education.

Printed in Milwaukee, Wisconsin
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Martin F. Wessler
Project Director

TABLE OF CONTENTS

		Page No.
I.	INTRODUCTION	1
II.	CONGREGATION SUPPORT	3
III.	TUITION AND FEES	5
IV.	OTHER REVENUE SOURCES	12
V.	PUBLIC AID	15
VI.	FUNDING FOR ASSOCIATION-SPONSORED SCHOOLS	18
VII.	CONCLUSION	21

INTRODUCTION

This document presents a comprehensive description of factors to be considered in funding a Lutheran elementary school. Treated here are sources of funds, relationship of those sources to each other, and suggestions for securing funds from each source.

In general, the history of the past decade demonstrates that when congregation members discover the value of a Christian school, they are willing to support it. When parents are persuaded of the distinct Christian contributions of the Lutheran school, they will provide support to insure its continued operation. When congregation members are convinced that the school is serving the purpose of Christian education for families, financial support is generally available from the congregational budget.

Broad support for a Lutheran school is achieved when a sense of ownership is felt by a large number of people on the basis of their financial commitment. Lutheran schools which rely very little on congregational support may become more "private" than "church sponsored." Lack of broad support reduces the possibility for effective ministry and lowers the potential for financial and other types of support.

Lutheran schools cost money. Careful planning is needed to justify expenditures and insure that the school is meeting the objectives of the congregation for ministry to young people and their parents. Sound Christian education and high-quality instructional programs can justify the financial outlays for a school.

Lutheran congregations finance elementary schools in numerous ways. Document E13 describes a variety of Lutheran school models. The various methods of financing can be seen from a review of these materials. Numerous factors may influence the choice of how a Lutheran school will be funded by a congregation. Consequently, this document seeks to provide information relative to the available alternatives. This document will help congregations review their circumstances, policies, and objectives and choose the method of funding best suited to their situation.

The principal sources of funds for existing Lutheran elementary schools are congregational support, tuition, fees, and other miscellaneous sources of income. Historically, most Lutheran schools have been funded by congregation support. In recent years, an increasing number of schools are charging higher school fees, and some Lutheran schools are also turning to tuition as a source of revenue. Congregation support and tuition continue to be the main revenue sources for elementary schools. In a limited number of instances, "other" funding sources are significant contributors to the total budget.

The following factors may influence the choice of the best source of revenue for a school:

- History of the congregation or other congregations in the geographic area.
- Present practices of other private (including church-supported) schools in the area.
- Policies of the District or the Synod.
- Policies of the sponsoring congregation.
- Financial strength of the congregation and the ability of parents to pay for their children's education.

No single way can be suggested as the only right way for funding a Lutheran elementary school. However, the funding sources selected should not hamper the teaching of the Christian faith or achieving the Christian-education objectives of the school. The funding practices for the school should strengthen the tie between the elementary school and the congregation and should call for commitment on the part of parents to insure that they are actively involved in the Christian education of their children.

The practical issues involved in a discussion of congregational contributions vs. tuition from parents often center on the question, "Who can afford to pay for the children's education?" If the congregation finds it virtually impossible to consider making substantial contributions to the school, it will be necessary to consider the tuition option. On the other hand, if parents find it difficult to pay tuition for their children, funds from the congregation or other sources must be found to pay for the Christian-education program.

The following materials seek to provide sufficient information to help congregations determine which option or combination of options they will choose in financing their school.

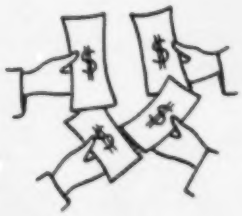
Note to the Reader

You are urged to review the listing of documents on the last page of this booklet. Each document provides detailed information and help for the management of Lutheran schools.

CONGREGATION SUPPORT

For many years most Lutheran schools in this country were financed principally through the congregation's budget. This is still the principal means of financial support for elementary schools; however, some changes have occurred in recent years. As the cost of Lutheran schools has increased due to lower pupil-teacher ratios and more costly instructional programs and techniques, some congregations have been unable to finance the total operation. In our society, there is also an increasing number of other opportunities for ministry for congregations to consider. Consequently, the idea of total congregational support for the school is being reviewed.

Many congregations have relied totally on congregational financial support, and their case is built on the premises that Christian education is a basic responsibility of the church and, therefore, the cost for it should be shared by all members in the congregation. Congregation members who use other services of the congregation are not asked to pay a pro-rata share of the cost for these services. Therefore, neither should some members be asked to pay a pro-rata share of the cost for educating their children.



The following list of arguments for and against congregation support may help to identify the key issues involved:

Arguments for full congregation support:

1. All members of the Body of Christ should participate fully in the education of youth.
2. The congregation needs to have a financial commitment as an important way of achieving ownership in the ministry of the school.
3. Parents with children in school should support the congregation budget in a sacrificial way and will be giving all that they can toward the Christian education of their children in this manner.
4. Contributions to the church are all tax deductible.

Arguments for parent participation in support:

1. Members who do not use the services of the Lutheran school perceive their contribution to the congregation as being used in a disproportionate way. The Lutheran school usually accounts for a very substantial percentage of the total congregation's budget.
2. The congregation may find it impossible to support the entire school budget or even a large portion of it.
3. When parents are not asked to invest in their child's education, some of them take advantage of a "free ride." (This behavior speaks to the reality that stewardship programs are not always fully effective.)

Financial commitment from the congregation can range from no support to a commitment of the total school budget. Neither alternative is chosen very often by Lutheran congregations. Even congregations which are committed to school support through the church budget choose to have some school costs financed by fees and other outside sources of revenue.

The important consideration for the congregation is to determine its priorities for the use of available resources. The congregation must determine how much of its financial resources can and will be committed to the school in contrast to other options for ministry. Caution is warranted when one ministry uses all available resources and the congregation fails to have a balanced ministry in its neighborhood, the church-at-large, or to its members. In other words, congregations with schools should still be substantial contributors to world missions and local ministries.

Some Synods or Districts provide subsidy to finance Lutheran schools in cases of mission congregations, central-city congregations and parishes in transitional situations. In these cases, when a congregation seeks to maintain a school, subsidy enables the congregation to fulfill its role in support of the school.

TUITION AND FEES

While there is a growing trend toward the use of tuition and fees to finance elementary schools, there is still heavy reliance on congregation support as the principal means of school income. Many congregations which charge tuition and fees do so as a matter of economic necessity. Others justify tuition on a basis other than economic need. In other words, some congregations feel that it is a desirable practice to ask parents to participate in the financing of their children's education.

The following policy statement from an elementary school explains a rationale for asking parents to participate with the congregation in sharing the cost of their children's education.

> "The board believes that, in the shared responsibility of financing Lutheran elementary education, parents have a special responsibility of stewardship over the spiritual welfare and Christian education of the children whom the Lord has entrusted to their care. The board recognizes tuition as a means by which parents can exercise good stewardship by sharing directly in the funding of full-time Christian education for their children. In this context, tuition is seen as a principle of congregation stewardship, not a substitute for it."

A. Arguments for and against tuition

The following arguments identify key issues involved in making decisions about tuition programs:

Arguments for Tuition:

1. Tuition clearly defines the parents' share of the cost and demands a commitment from parents.
2. Payment of tuition will cause parents to respond with an increased level of interest and involvement. Some parents want to share directly in the cost of educating their child.
3. Tuition income releases other parish income to be used for additional programs.
4. Tuition payments demonstrate to other members of the congregation that the most costly parish program is being partially funded by the users.
5. Tuition is a predictable and reliable source of revenue.

Arguments against Tuition:

1. Tuition is not tax-deductible.
2. Tuition might discourage or even prohibit parents with limited economic resources from enrolling their child in the school. Sometimes families are reluctant to take advantage of a student-aid program. (See page 8.)
3. Initiation of a new tuition policy in a congregation accustomed to only parish support for the school may have a negative impact on enrollment if not carefully implemented.

4. Tuition payments put the Lutheran school in the position of competing with the concept of "free" public education when parents must make a choice of where to enroll their children.

5. Tuition requires an added record-keeping and collection system.

B. Criteria for Establishing Tuition Rates

If a congregation has determined that tuition will be charged for members and/or non-members, criteria and a formula must be established for determining the tuition rate. A formula will help avoid the tendency to base decisions about tuition on emotions. The following factors are most commonly considered:

1. Some ratio of the cost-per-pupil provides a basis for establishing the tuition rate. For planning purposes, the congregation should determine what percentage of the school budget will come from congregation support and what percentage from tuition. The portion of the cost-per-pupil to be paid by parents through tuition depends on how much of the cost is to be borne by the congregation or other income sources.

2. A survey of tuition rates charged by other Lutheran schools in communities of similar type and size may provide guidelines for establishing rates.

3. A survey of tuition rates in other community private schools including those which are church-supported may provide guidelines for what parents are willing to pay.

4. The economic level of parents may aid in determining how much to charge. (It is interesting to note that some of the highest tuition rates are charged in inner-city schools where parents are willing to sacrifice for Christian education.)

Fees for bus service, lunches, books, materials, registration and other items are usually charged in addition to tuition. A reasonably close estimate should be made of actual costs of these items, and this information should be communicated to parents. If fees are charged, the school is obligated to provide supplies and services commensurate with the fee.

Tuition for non-members is a common practice in many Lutheran schools. A school with a strong mission intent should set tuition for non-members in harmony with that philosophy. Tuition rates for non-members should not be so high as to discourage their participation. On the other hand, rates should be high enough so that the congregation can afford to provide this educational opportunity for them. Keep in mind that the elementary school has substantial evangelism potential and excessive rates may restrict attendance of those non-Lutheran children who should be a primary target of the school. The evangelism role of the school should be discussed by the board of education at an early date, and the results of this discussion should be a key component in determining the level of tuition for non-members.

C. Tuition Rate Structures

A variety of tuition structures are available which allow rates to vary depending on the number of children in the family, the economic level of the family, and the type of program. The following options are available:

1. A fixed tuition charge for every child.

2. Reduced tuition for the second and third child in the family. Sometimes the third or fourth child in the family is allowed to attend at no cost.

3. Kindergarten students attending half days are often charged one-half of the regular tuition rate.

4. Rates for early childhood programs are often based on the cost-per-pupil and may be calculated on a different basis than the elementary school tuition.

5. Tuition rates may be based on a sliding scale which is related to family income. Low-income families are required to pay lesser amounts. This method necessitates record keeping and submission of personal-income figures by parents.

6. "Negotiated tuition" is another variation of option number 5. In this case, parents and the administrator confer to determine what rate is fair to the school and within the reach of the parents. Some parents may pay very little while others pay the full cost-per-pupil.

7. Members are often charged a lower tuition rate than non-members because members are contributing toward the total work of the parish through their regular church contributions.

Tuition payments for elementary education cannot be used by parents as tax deductions. Communications with parents should make this very clear. In cases where parents are required to make minimum contributions to the parish in lieu of tuition payments, the IRS has ruled that these are the same as tuition and, therefore, not deductible. It is necessary to expect that parents support their parish, but fixed minimums should not be published. Contact your synodical or district education office for further details.

D. Student Aid Programs

Congregations which have a stong commitment to full-time Christian education need to provide a way for all families to take advantage of the school. In recognition of the fact that not all families can equally afford tuition payments, a student aid fund can be provided to meet the needs of parents who cannot make full tuition payments. The following factors should be considered when establishing a tuition aid fund:

1. The fund should be large enough to take care of all needy parents to insure that every child has equal access to the Lutheran school.

2. Policy and criteria should be established by the board so that parents understand the rules and the board of education will not have to "play favorites" when making grants. A student aid form should be prepared which requests objective data.

3. The program should be clearly communicated to parents so that they know what help can be anticipated and that requesting aid is in no way demeaning.

4. Confidentiality is important in administration of the program.

5. Policies and procedures should be established by which the school administrator can operate the program objectively.

A sample Application for Student Aid is included on the following pages with instructions for its use.

GUIDELINES FOR USE OF THE STUDENT AID FORM

The application form you use should be designed to gather the information needed in determining grant amounts for your school.

The attached example application requests:

1. Names of all enrolled students from the family and amount of tuition charged for each.
2. Gross income for the family.
3. Number of family dependents.
4. Special financial conditions, if any.

This information can be used in the following steps.

Step 1 - Determine total gross income.

Step 2 - Subtract a deductible amount for each dependent child in the family. ($750 is suggested, but this amount is a variable. The amount of available grant money, inflation, and the number of grant applicatns can prompt adjustment of this deductible.)

Step 3 - Subtract a deductible amount commensurate with special financial hardships known to the grant committee as described by parents.

Step 4 - Adjusted family income is the result of calculation in 1-3.

Step 5 - Calculate total tuition due by the family.

Step 6 - Divide total adjusted income by total tuition. The resulting figure related tuition to income and is the basis for determining grants. This process also relates each applicant to the others, helping achieve comparative grant relationships.

Step 7 - In determing the basic grant, the quotient of Step 6 is used. The smaller this number, the greater the need for help. A suggested way of using it is to assign a number of "grant points" to the quotient.

Thereby a quotient of
0 = 30 points
2 = 28 points
15 = 15 points
20 = 10 points

Each point becomes a number of grant dollars, such as $10. Then 18 points becomes a basic grant of $180; 30 points becomes a maximum basic grant of $300.

The number of points used in your formula and the number of dollars per point are adjustable to tailor the system to your program and its needs.

Step 8 - Other formula possibilities now can be added to increase the basic grant.

a) An award can be added for each child enrolled. $30-$50 is suggested. This amount would be added to the basic grant figured in Step 7.

b) A special award can be added for gross income levels which are unusually low: suggested;

income under $6,000 - add $30 to the basic grant determined in Step 7

income under $5,000 - add $40

income under $4,000 - add $50

Step 9 - An operating principle is here suggested: Keep the formula adjusted so that the family assumes some, even minimal, part in paying tuition. Total tuition payment for the family is not suggested.

(Sample Form)

GRACE LUTHERAN SCHOOL

APPLICATION FOR STUDENT AID FOR THE SCHOOL YEAR 19 -19

Name(s) of Student(s)	last	first	grade level	tuition
1.	Smith	Mary	8	350
2.	Smith	John, Jr.	6	250
3.	Smith	Karen	2	free

FAMILY INFORMATION	FATHER	MOTHER
Name	John, Sr.	Susan
Occupation	Factory worker	Secretary
Employer	AMC Welding Company	Browns, Ltd.
19 Gross Income	$10,000	$7,000
Estimated 19 Gross Income	$10,500	$7,200
Home Congregation	Trinity	Trinity
Pastor's Name	Reverend William Schmidt	same

OTHER DEPENDENT CHILDREN IN FAMILY:	NAME	AGE	GRADE IN SCHOOL
	Ellen	4	--
	Michael	?	--

In considering application for this grant, plan your costs for all purposes at home. Then:

State the amount of tuition you feel you can pay during the year: $ 400

State the amount of aid you are requesting: $ 200

PLEASE COMPLETE OR CORRECT MAILING ADDRESS AND 'PHONE NUMBER:

'Phone 292-4285 Name Mr. and Mrs. John L. Smith, Sr.

Address	Street	City	State	Zip
	2203 Adams Avenue	Center	Iowa	58002

Please give additional information which you feel will assist us in our consideration of your need for Student Aid:

Mary's braces cost $800 this year. $400 is covered by insurance. John, Jr., has severe allergies and medicine costs over $60 per month. This is not covered by our insurance.

PARENT SIGNATURE _____ DATE _____

STUDENT(S) SIGNATURE _____ DATE _____

_____ DATE _____

See reverse side for formula and calculation

(Sample)

GRANT CALCULATION

Gross Income	$17,700	Step 1
5 Children x $750	-3,750	Step 2
Special Hardship	- 400 braces - 720 allergy	Step 3
ADJUSTED INCOME	$12,830	Step 4
Total Tuition	$ 600	Step 5

$12,830 ÷ $600 = 21 — Step 6

Quotient 21 = 9 points — Step 7

Basic Grant	= 9 points x $10	= $ 90
Additional Child Enrolled	= 2 x $50	= $ 100
Special Income	=	0

Step 8

TOTAL GRANT	$ 190
Amount Requested	$ 200
Approved Grant (Determined by Committee)	$ 190

OTHER REVENUE SOURCES

Lutheran elementary schools can sometimes develop reliable income from sources other than tuition and congregation support. However, all fund-raising activities must be done in concert with the financial-planning and stewardship program of the congregation. The school is an extension of the congregation's ministry and should at no time find itself in competition with the congregation for financial resources. In most cases where funds are solicited for the school, solicitation should be done through the congregation.

There are parents, other individuals, and organizations who may wish to donate funds to the congregation for use in the school. Under the right circumstances, these gifts can be solicited and encouraged. On the other hand, if the elementary school begins to ask congregation members for money without careful coordination and planning, members can become confused about the stewardship program of the congregation. An approach for "other" funds is particularly appropriate in schools where a large number of the school families are not members of the congregation. Of necessity, congregations which have chosen to sponsor Lutheran elementary schools must have successful stewardship programs. This can be accomplished only when the stewardship program is carefully coordinated with all other funding plans of agencies and auxiliaries within the congregation.

A. Cash Gifts to the School

Gifts of cash to the school can be solicited from a variety of sources and for a wide range of purposes.

Some of the more common sources include the following:

- Local Business and Industries. Gifts from these sources generally are directed to an unusual educational program or to schools which are seen by the donor as serving a unique role in the community.

- Foundations. Foundations in the past generally provided relatively little money for parishes or elementary schools. On the other hand, a local foundation may be interested in funding a unique project or some other special need of the school.

- Gifts from Individuals. Individuals with a strong commitment to the school may be interested in sponsoring a special project or program in the school in addition to their support for the congregation.

- Memorial Program. A modest expenditure of dollars in the development and distribution of memorial materials may generate a reliable flow of modest gifts. Recognition of those being memorialized is especially important at that time.

- Estates and Requests. Occasionally an individual may wish to remember the special needs of an elementary school in their estate planning. While these gifts would most often be given to the congregation, some individuals may prefer to earmark the money for operation of the elementary school.

As mentioned earlier, solicitation of these gifts should be carefully coordinated with the congregation's total funding plan. However, some donors may have a particularly strong commitment to the school and will give money to the school where they would not give an equal amount to the congregation.

Cash gifts to the school can be solicited for any or all of the following purposes:

- Operating budget
- Student-aid program in which donors provide funds which will help insure that needy students can attend the school,
- Debt retirement
- Special equipment needs
- Capital improvements

B. Non-Cash Gifts to the School

All of the individuals or groups referred to in the previous section might also be approached for non-cash gifts to the school. Some donors prefer non-cash gifts and are able in this way to insure that the school receives a particular item or service. Non-cash gifts are commonly solicited for the following areas:

- Specific equipment items for classrooms or office
- Supplies such as paper, food, etc.
- Services of a local firm or a group of individuals to paint the building, repair a parking lot, fix the roof, etc.
- Volunteer services of individuals to do office work, assist in instructional programs, do bookkeeping, etc.
- Funding of special programs or projects

Gifts of cash and some non-cash items are tax deductible. Solicitation of gifts for the school should emphasize this advantage to the donor as well as the advantages of the gift for the school.

C. Fund-Raising Projects

Fund-raising projects are generally sponsored by parent organizations, auxiliaries, or student groups. Most fund-raising projects involve solicitation activities and the sale of items or services. Perhaps the most common items sold by these groups are pizza, candy, fruit, or other consumable items. Most people are familiar with this kind of fund-raising project; therefore, little has to be said here about how they should be conducted or which types of programs are most successful.

In order to insure that fund-raising projects do not interfere with the educational program of the school and that they are also part of the overall funding strategy, guidelines should be developed. Some school boards allow only one or two major fund-raising projects each year. Because substantial investment of time is required in this type of activity, boards find it advisable to limit the number and scope of these programs so that they do not take too much time away from the instructional program of the school. Too many fund-raising projects can also become a burden to parents and others who are being solicited. If they are misused, some supporters can develop a negative reaction toward the school. In summary, many elementary schools encourage some form of fund raising, but restrict it in a manner which is consistent with the educational program objectives.

Fund-raising projects should not be viewed as a primary source of funds for the school except in some unusual cases. Also this type of fund raising usually produces low levels of income relative to the extensive number of hours invested. Although income from this source should be anticipated when planning the school budget, it will usually account for a rather small part of the total financial program.

The strongest argument in favor of fund-raising programs is not the amount of money raised, but the benefits derived from participation of students and parents in supporting their school. If properly designed, students and parents can develop an increased feeling of commitment and ownership for the school and can feel that they have performed a meaningful service. Students can also gain valuable experience from selling various products. This form of fund-raising activity may also provide an opportunity for fellowship among parents or student groups if the program is designed to accomplish this objective.

D. Special Fund Accounts

Often congregations establish special funds specifically for projects or programs in an elementary school. Fund accounts are usually established so that money can be accumulated for the eventual purchase of an item or payment of an expense. Fund accounts for an elementary school might be for items such as large equipment purchases, debt retirement, capital improvement to the school building, and new school construction. Any such special accounts should be carefully coordinated with the overall program of ministry and finances.

E. Special Support Organizations

The establishment of giving organizations is a technique used principally by Lutheran high schools and colleges, but is an approach that may be adapted to an elementary school, particularly when sponsored by an association of congregations. Names of such organizations might be "Century Club," "Trust Fund," or "Gift-a-Month Club." Enrollment in a giving organization should be formalized to help people make an ongoing commitment. In any event, a membership list or directory, membership awards, and other techniques can result in a sense of involvement and belonging. This type of organization is not common in single-congregation elementary schools, but could be effective in interparish schools and in cases where a large number of parents are not members of the church.

F. Special Occasion or Crisis Fund Appeals

Anniversaries and special occasions should be planned well in advance and funding may be just one of the goals achieved by emphasizing the event. The panic appeal should be reserved for a genuine crisis. The integrity of your ministry should always be maintained by interpreting accurately the financial strength of your institution. Too many crisis appeals can result in a loss of credibility for the organization.

G. Matching Funds

Some industries will match gifts of their employees.

Aid Association for Lutherans often matches funds raised by AAL branches through various branch projects.

PUBLIC AID

A variety of public aid is available to private schools, usually in the form of services to pupils. No school should plan to exist because of the availability of public aid. However, certain types of aid can make a significant difference in such areas as transportation, textbooks, food services, specialized help for the disadvantaged, and others.

Public services to private school pupils are usually available at the federal and state levels. However, a few states have constitutional restrictions against offering such aid. Some church bodies which support schools have adopted resolutions suggesting that their schools not accept available services. Impressive arguments can be stated on both sides of this issue. Persons of equal sincerity and dedication to justice, law, and love to others can arrive at opposing viewpoints.

Churches that advocate nonacceptance of public aid usually base their stand on one or more of these reasons:

a. There is to be a strict separation of church and state, thus the provision of aid is unconstitutional.

b. Public services bring unwanted public controls and are an uncontrollable threat to private education's independence.

c. Lutheran schools should be entirely supported by the church so as not to endanger the loss of their purpose and function as a mission of the church.

d. The results are not worth the efforts required to acquire those services.

e. Certain types of aid may be withdrawn after a school is accustomed to their availability but not in a position to be able to afford their continuation through local funding.

Other churches do accept certain forms of aid. Their reasoning is based on some or all of the following rationale:

a. As private schools perform a "public service," they serve the "secular purpose" of the state through the education of competent, useful citizens; thus the pupils in such schools are entitled to the available publicly supported educational services.

b. Since parents have the constitutional right to choose a public or private school, they should have the protection necessary to maintain that viability of choice, whether that protection be financial or otherwise.

c. The provision of public aid to church schools is not in violation of the First Amendment because it does not contribute toward the establishment of a state church, nor does it promote the cause of one church over others.

d. Since church schools are in fact also the church, laws which would in effect stand in the road of parents who wish to utilize this particular aspect of the church would prohibit them from the free exercies of religion.

e. The continuation of a pluralistic society, which is essential to a democracy, requires options and healthy competition also in education; and all children, regardless of the school they attend, are the concern of society and should be able to receive the benefits which that concern provides.

f. All citizens pay taxes toward the support of education in America, not just toward a favored segment of government schools, thus granting the private school parent a right to expect educational services to private and public schools.

One Lutheran church body has adopted the following position:

> Federal (and state) aid offered to all children attending public, private, and parochial schools would undergird for parents the "free exercise of religion" and make possible parental choice in the education of their children . . . federal aid for children attending nonpublic schools, as authorized by the Congress and defined by the courts, be deemed acceptable so long as it does not interfere with the distinctive purposes for which such schools are maintained.

The Congress as well as state legislatures have increasingly emphasized that many public aid programs are to be open to all children. Some programs carry mandates for the involvement of private school children; others are optional; some prohibit it. The rationale usually presented for the inclusion of private school pupils is that certain services that are necessary for the educational common good of the nation must be available to all children, those in public and private schools. Some services are also attempts to try to equalize, albeit in small ways only, the burden of extra educational expenses carried by parents of private school children.

Before boards of education and Lutheran school administrators can derive the maximum benefits from available public aid (should that be their goal), they must:

a. Be knowledgeable of the federal and state public aid laws and programs.

b. Be familiar with the pertinent rulings of the courts.

c. Be aware of the major guidelines for the public aid programs.

d. Be well versed in how the various public services are delivered.

Such information should be obtained through meetings with:

- other local private school administrators
- the synodical and district education consultants
- the local public school principal and superintendent
- the State Department of Education

Applications for nearly all federal and state programs are made through the local public school district. A Guide to the U.S. Office of Education-Administered Programs is available from the Director of Private Educational Services, U.S. Office of Education, Washington, D.C. 20202. Not completely up to date (1974), but a very helpful publication is the Handbook for Private School Administrators (for effective participation in Federal Education Programs of the USOE). Order from U.S. Government Printing Office, Washington, D.C. 20402, 75 cents.

An effective monitor of federal aid programs and communicator of private school concerns to the U.S. Office of Education, the Congress, and related offices is the Council for American Private Education. Nearly all of the national Lutheran school systems are members of this Council. Write to your synodical or district education office for further information regarding CAPE's goals and activities.

Note to the Reader

You are urged to review the listing of documents on the last page of this booklet. Each document provides detailed information and help for the management of Lutheran schools.

FUNDING FOR ASSOCIATION SPONSORED SCHOOLS

The guidelines for establishing and developing "other" sources of revenue are the same for interparish schools as they are for single-congregation schools. However, the interparish school needs a formula to determine how congregation support will be provided by the association members. A wide range of formulas are available for consideration. The following section elaborates on four formulas which are commonly used by associations. Each of these formulas has advantages and disadvantages and the best choice will depend on the unique circumstances of your community.

A. The Per-Communicant Formula

Formula Description

The annual school budget is developed and a percentage (e.g. 50%) is assigned to the congregations. The congregation total is divided by the total number of communicants in all association congregations and prorated according to the number of communicants in each.

Advantage:

Simple, objective, and assigns rising costs automatically.

Disadvantage:

Oversimplified in that it does not allow for differences in congregational financial ability or for other significant variables.

B. The Per-Student Assessment Formula

Formula Description

Tuitions are subjectively set, first on the basis of what might be acceptable to parents. After the total budget is figured, that portion not covered by tuition or other income is assessed each congregation on the basis of the number of students enrolled in the school from the congregation.

Advantage:

Emphasis is on keeping tuition at a level which parents can afford.

Disadvantages:

Congregations pay for the services to their member children only, rather than providing ministry to young people beyond their own membership. There is also a delay in communicating the actual assessment amount until enrollment figures are finalized each year.

C. Percentage of Home-Purpose Receipts Formula

Formula Description:

A quota work sheet* based on the past fiscal year is submitted by each congregation in order to determine its net home-purpose receipts. A percentage of home-purpose receipts (e.g. 15%) is set to cover a predetermined percentage (e.g. 30-40%) of the elementary school budget.

Advantages:

Financially stronger congregations minister to the weak, and all congregations are thereby attracted to association membership. Income expands as congregational home-purpose receipts expand without raising the percentage. Calculation of each congregation's share of the budget can be done early.

Disadvantage:

The quota sheet is detailed and requires experience to complete.

D. Multi-Factor Support Formula

Formula Description:

A predetermined percentage (e.g. 30-40%) of the elementary school budget is allocated to member congregations. The amount of this allocation to be paid by each individual congregation is based on three factors: home-purpose receipts, enrollment, and assessibility to the school.

Advantages:

Ownership and ministry concepts are promoted and the relationship of sources of income is preserved year after year. Expansion of income is achieved on the basis of budget projections. Calculations of a congregation's share is based on what it can afford, as well as the extent of its use of the school.

Disadvantage:

The formula is a little more complex than most. (See example following.)

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*A quota work sheet may be found in Document H09-RESOURCES FOR FINANCIAL PLANNING which is part of the PLANNING FOR LUTHERAN HIGH SCHOOLS series.

EXAMPLE

The following weights are assigned to each factor: (Keep in mind that more factors can be added, and the weights can be varied to fit local circumstances.)

	Weight	Factor
A.	50%	Congregation's Home-Purpose Receipts (See reference to quota work sheet mentioned in the previous section.)
B.	30%	Enrollment of Previous Year from this congregation
C.	20%	Accessibility to the school (1-limited access, 3-fair, 5-good)
	100%	

Assume that 40% of the elementary school budget is to be allocated to four member congregations ($48,000 is to be allocated in our example).

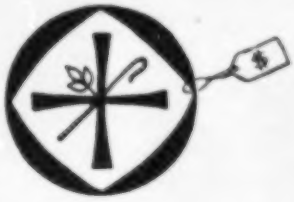
Congregation Name	Congregation Home-Purpose Receipts			Congregation & Elementary School Enrollment			Accessibility				Total
	Dollars	%	Weighted	No.	%	Weighted	Rating	%	Weighted	%	Dollars
St. Johns	200,000	40%	20%	30	21%	6%	1	10%	2% =	28%	13,440
Ascension	150,000	30%	15%	40	29%	9%	5	50%	10% =	34%	16,320
Holy Cross	100,000	20%	10%	50	36%	11%	3	30%	6% =	27%	12,960
Olivette	50,000	10%	5%	20	14%	4%	1	10%	2% =	11%	5,280
	500,000	100%	50%	140	100%	30%	10	100%	20% =	100%	48,000

Using the three weighted factors, the allocation of support from each congregation is as follows:

St. Johns	$ 13,440
Ascension	16,320
Holy Cross	12,960
Olivette	5,280
TOTAL	$ 48,000

CONCLUSION

Lutheran congregations with schools should place high priority on fiscal responsibility and accountability. Poor fiscal management, including budgets that aren't balanced, reflects negatively on the school and results in lack of commitment by potential supporters and a poor reputation in the community. Insuring that sufficient revenue is available and that budgets are balanced is an important part of the overall ministry in every congregation. Ministry is not limited to the preaching and teaching role, but also includes the orderly administration of the affairs of the institution. Joy in ministry can be disrupted or lost when poor fiscal management results in a need to spend inordinate amounts of time solving fiscal problems. Conversely, proper emphasis on good fiscal management is an important part of joyful and successful ministry.



PLANNING FOR LUTHERAN ELEMENTARY SCHOOLS

E01	WHY THE LUTHERAN SCHOOL	Rev. Paul Pallmeyer Minneapolis, Minnesota
E02	GUIDELINES FOR STARTING A NEW SCHOOL	Mr. Neal Meitler Dr. Martin Wessler Milwaukee, Wisconsin
E03	BOARD OF EDUCATION HANDBOOK	Dr. Glenn Bracht Waverly, Iowa
E04	PERSONNEL HANDBOOK	Mr. Kenneth Markworth Waverly, Iowa
E05	RECRUITMENT/PUBLIC RELATIONS/TRANSPORTATION HANDBOOK	Mr. Richard Sauer Ft. Wayne, Indiana
E06	LEGAL REQUIREMENTS	Mr. Wilbur Tewes Appleton, Wisconsin
E07	CURRICULUM PLANNING GUIDELINES	Dr. Glenn Kraft Seward, Nebraska
E08	FINANCIAL PLANNING AND ACCOUNTING HANDBOOK	Mr. Neal Meitler Milwaukee, Wisconsin
E09	FUNDING ELEMENTARY SCHOOLS	Mr. Neal Meitler Dr. Martin Wessler Milwaukee, Wisconsin
E10	BUILDING AND EQUIPMENT PLANNING	Mr. Robert Eggold Topeka, Kansas
E11	THE ROLE OF ELEMENTARY SCHOOL IN CHANGING COMMUNITIES	Mr. Donald Kell Ann Arbor, Michigan
E12	PARENTS AS PARTNERS	Mr. Eldor Kaiser Appleton, Wisconsin
E13	MODEL LUTHERAN SCHOOLS	Mr. Ellsworth Kierbs Seward, Nebraska

The above materials can be ordered from:

Board of Parish Education
The Lutheran Church-Missouri Synod
3558 South Jefferson Avenue
St. Louis, Missouri 63118

or

The American Lutheran Church
Mr. Don Vetter
Wartburg College
Waverly, Iowa 50677

The most effective agencies available to the Church for equipping God's people for ministry are the Lutheran elementary and secondary schools.

8341